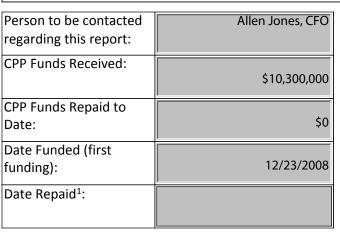
## **ANNUAL USE OF CAPITAL SURVEY - 2009**

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

## United Bancorporation of Alabama, Inc.



RSSD:	
For Bank Holding Companies)	1083895
Holding Company Docket Number:	
For Thrift Holding Companies)	
FDIC Certificate Number:	
For Depository Institutions)	58
City:	
	Atmore
State:	Alabama
	Alabama

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

^	han otherwise would have occurred.	The Bank serves rural S. AL and NW FL. Agriculture is a primary industry and funding is cyclical. The presence of the CPP funding made it possible to support the farmers while dealing with other loan issues. Loans increased by \$7.5 million, a net \$3 million after subtracting those charged off.
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<sup>&</sup>lt;sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

$\overline{X}$	To the extent the funds supported	Loans to support seasonal agricultural production increased at the peak by approximately \$8
	increased lending, please describe the	million in September. Loans for real estate (non farm/non residential) increased by \$9 million over
	major type of loans, if possible	the same period of time.
	(residential mortgage loans, commercial	
	mortgage loans, small business loans,	
	etc.).	
	cto.,.	
	Increase securities purchased (ABS, MBS,	
	etc.).	
_	Make other investments	
$\overline{x}$	Increase reserves for non-performing	The Bank increased its reserves for losses on loans by a net \$3.8 million after charging off \$4.5
	assets	million.
	433613	

	Reduce borrowings	
X	Increase charge-offs	Loans charged off during 2009 totaled \$4.5 million versus \$2.8 million in 2008. This was caused by
_		the economic downturn. Particularly hard hit was the real estate market in S. AL and NW FL, the market area served by the Bank.
	Purchase another financial institution or purchase assets from another financial	
	institution	
	Held as non-leveraged increase to total capital	Total assets declined by \$93 million during 2009. This was planned and the decline in assets combined with the increased capital and loan losses allowed the Bank to be working through issues in an orderly manner while maintaining needed capital levels.

	What actions were you able to avoid because of the capital infusion of CPP funds?					
	The Bank has been able to continue to service its market area and offer loans.					
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What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

what actions were you able to take that you may not have taken without the capital infasion of or 1 famas.		
The Bank has several large institutional clients as depositors who have seasonal and temporary needs to hold large deposits in excess of their normal operating needs. In December of 2008 and throughout 2009, these customers housed, on a temporary basis, significant excess funds. The presence of the funding made it possible to support the assets of the Bank with appropriate capital levels. Without the CPP funding, it is a question as to whether the Bank would have been able to commit to accommodate the customer.		
The Bank has continued to seek lending opportunities to qualified borrowers. This would not have be possible without the funding. One example is a program undertaken in support of local retailers who had lost access to financing for their customers, and therefore the ability to sell items such as lawn mowers, appliances, and automobiles. The Bank designed a program to assist these retailers and make financing available to qualified customers on a timely basis. The program was for consumers and the individual loans are small, but the impact on the psychology of the		
community was positive.		
In the smaller communities where the Bank operates, the municipal governments have occasional needs for financing. In two instances, the Bank was able to make funds available to a school system and a city government.		

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.		
The presence of the funding has allowed the Bank to charge off problem assets and work with problem loans while maintaining adequate		
capitalization.		

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.